

Message Text

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PAGE 01 MOSCOW 06738 151841Z

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ACTION EUR-12

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USDOC FOR BEWT/TDAD/HOROSCHAK

E.O. 11652 N/A

TAGS: EEWT EAGR UR US

SUBJ: EXPANSION OF SOVIET GRAIN STORAGE CAPACITY

REF: MOSCOW 47121

1. EMBOFFS MET MAY 14 WITH M.M. KUZNETSOV, CHIEF, FOREIGN RELATIONS DEPARTMENT, MINISTRY OF PROCUREMENTS, AND L.A. TESLER, DEPUTY CHIEF OF MINISTRY'S MAIN ADMINISTRATION FOR THE ELEVATOR INDUSTRY, FOR FURTHER DISCUSSION OF PLANNED EXPANSION OF SOVIET GRAIN STORAGE CAPACITY.

2. SOVIETS ACKNOWLEDGED RECEIPT OF US FIRMS' LITERATURE, BUT TESLER COMPLAINED THAT MATERIAL DID NOT CONTAIN SUFFICIENT TECHNICAL INFORMATION FOR DETAILED REVIEW. HE ALSO EXPRESSED STRONG PREFERENCE FOR COMPREHENSIVE PROPOSALS COVERING BOTH ELEVATORS AND GRAIN HANDLING, CLEANING AND VENTILATION EQUIPMENT. COMMATT POINTED OUT THAT FIRMS COULD PROVIDE MORE DETAILED INFORMATION ON REQUEST, BUT SOVIETS LEFT IMPRESSION THAT MINISTRY HAS NOT YET RECEIVED CLEARANCE FOR SERIOUS DISCUSSIONS, EXCEPT WITH BUTLER MANUFACTURING. ON TWO OCCASIONS, KUZNETSOV MENTIONED THAT REPORT ON POSSIBLE FOREIGN INVOLVEMENT IN GRAIN STORAGE PROGRAM WAS BEING PREPARED FOR MINISTER ZOLOTUKHIN, IMPLICATION BEING THAT SOME SORT OF APPROVAL IN PRINCIPLE WOULD BE REQUIRED BEFORE WORKING LEVEL OFFICIALS

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COULD MOVE INTO SERIOUS DISCUSSIONS.

3. COMMATT SUGGESTED THAT MINISTRY MIGHT WISH TO SEND DELEGATION TO U.S. FOR TECHNICAL DISCUSSIONS WITH AMERICAN PRODUCERS OF ELEVATOR EQUIPMENT AND VISITS TO OPERATING ELEVATORS. SOVIETS PROMISED TO CONSIDER IDEA BUT POINTED OUT THAT OTHER MINISTRIES (E.G., RURAL CONSTRUCTION) WOULD HAVE TO BE REPRESENTED.

4. COMMENT:

A. APPEARS BUTLER IS MOVING TOWARD SALE OF EQUIPMENT AND TECHNOLOGY FOR MANUFACTURE OF METAL SILOS, AND BESSER OVERSEAS REP EXPECTS TO VISIT MOSCOW LATER THIS MONTH TO EXPLORE SIMILAR DEAL FOR CONCRETE BLOCK ELEVATORS.

B. MARKED SOVIET PREFERENCE FOR PACKAGE APPROACH SUGGESTS WE SHOULD ENCOURAGE US ELEVATOR EQUIPMENT MANUFACTURERS TO OFFER COMPREHENSIVE PROPOSALS FOR GRAIN ELEVATOR EQUIPMENT (DRYING, ANALYZING, PROTECTION, AND HANDLING) USED IN US-STYLE GRAIN STORAGE FACILITIES, SUCH AS THOSE BUTLER AND BESSER OFFERING. PACKAGE WOULD PROBABLY COMBINE TECHNOLOGY AND DIRECT EQUIPMENT SALES. IT MAY BE DIFFICULT TO FIND FIRMS WILLING TO PUT TOGETHER THIS KIND OF PROPOSAL, BUT PERHAPS USDAO OR KANSAS STATE'S FOOD AND FEED GRAIN INSTITUTE COULD ASSIST IN LOCATING CANDIDATES. (BUTLER'S AGENT, CURRENTLY IN MOSCOW, DOUBTED HIS PRINCIPAL WOULD BE INTERESTED.)

C. WE RECOMMEND THEREFORE THAT BEWT/TDAD ATTEMPT TO LOCATE COMPANIES INTERESTED IN DEVELOPING COMPREHENSIVE PROPOSALS FOR ELEVATOR EQUIPMENT, DRAWING ON FIRMS WHICH HAVE ALREADY EXPRESSED INTEREST IN SOVIET MARKET. IN LINE WITH TESLER'S COMMENT, PROPOSALS SHOULD BE DETAILED AS POSSIBLE AND FOLLOWED-UP BY VISIT TO MOSCOW AND INVITATION TO UNITED STATES.

D. SHOULD BEWT/TDAD BE UNABLE IDENTIFY COMPANIES WILLING TO PUT TOGETHER COMPREHENSIVE PROPOSALS, WE WILL ENCOURAGE MINISTRY TO ORGANIZE VISIT TO U.S. ELEVATOR EQUIPMENT MANUFACTURERS. IF SOVIETS SELECTED FIRMS TO BE VISITED, COULD BEWT/TDAD HELP ORGANIZE ITINERARY?

D. EMBASSY WOULD APPRECIATE USDOC'S REACTION TO THESE PROPOSALS. AS USCO HAS RECEIVED COMMUNICATIONS FROM FOLLOWING FIRMS ON THIS PROJECT, WE WOULD BE GRATEFUL LIMITED OFFICIAL USE

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IF BEWT/TDAD WOULD GIVE THEM TELEPHONIC STATUS REPORT: BUTLER MANUFACTURING (C.J. BELL, LICENSING MANAGER, 816-968-3000), JARVIS INTERNATIONAL (M.L. JARVIS, PRESIDENT, 913-823-2266), IOWA DEVELOPMENT COMMISSION (DEAN ARBUCKLE, FOREIGN TRADE ASSISTANT, 515-281-3251), GEORGE A. ROLFES (L.R. TRIPP, VICE PRESIDENT, 308-382-8820), NEOTEC (ROBERT D. FLANAGAN, 301-770-3525), CAMPBELL INDUSTRIES (CROM CAMPBELL, 515-265-5331). WE ARE IN TOUCH WITH BESSER

AND DUNBAR KAPPLE THROUGH THEIR EUROPEAN OFFICES.
STOESSEL

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